

The Clapham House Group PLC – Unaudited Interim Results

The Clapham House Group PLC 30 November 2004 Unaudited Interim Results for the six months ended 30 September 2004

The Clapham House Group PLC (“Clapham House” or “the Company”) today announces its interim results for the period ended 30 September 2004.

Clapham House has also announced today that it has acquired the entire issued share capital of Wisconsin UK Ltd, which trades as Gourmet Burger Kitchen.

Highlights :

- Net cash as at 30 September 2004 of £17.1m
- Loss before taxation for the six months ended 30 September 2004 of £58,000
- Completion of second acquisition, The Bombay Bicycle Club, in April 2004
- Secondary placing raising £7.0m at 140p per share completed in June 2004
- Completion of third acquisition, Gourmet Burger Kitchen, on 29 November 2004

David Page, Executive Chairman, The Clapham House Group PLC, commented:

“During the six months to 30 September 2004 we have successfully integrated The Bombay Bicycle Club and The Real Greek into Clapham House and both these businesses are trading well. Having now completed our third acquisition, Gourmet Burger Kitchen, just over a year since the Company’s admission to AIM, we will focus our resources on growing these formats through site expansion and further improving their profitability.”

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The Clapham House Group PLC
Unaudited Interim Results
for the six months ended 30 September 2004

Chairman's Statement

It gives me great pleasure to report the interim results of Clapham House for the six months ended 30 September 2004.

Corporate activity

On 1 April 2004 the Company acquired the entire issued share capital of Nilecroft Ltd, Odsey Ltd, Overpark Ltd and Seahawk Ltd, comprising the business and assets of The Bombay Bicycle Club operation ("The Bombay Bicycle Club") for £1.845 million in initial consideration with a further maximum of £575,000 payable 12 months after completion.

In June 2004, Clapham House successfully completed a secondary placing of shares, raising £7m at 140p per share. Placing expenses of £226,000 have been charged to the Company's share premium account.

On 12 November 2004 the first tranche of earn out consideration became payable in respect of the Company's first acquisition, The Real Greek. This earn out consideration, which was calculated on The Real Greek's profit before tax to 30 September 2004, was payable as £280,500 in cash together with the issue of 204,000 new ordinary shares of 10 pence each in the Company at a price of 138.5 pence per share. The final earn out consideration in respect of the acquisition of The Real Greek will be payable on the basis of a multiple of its profit before tax for the year ending 31 March 2007.

Clapham House has also announced today that it has acquired the entire issued share capital of Wisconsin UK Ltd trading as Gourmet Burger Kitchen which currently operates from six sites across London.

Results

Net loss before taxation for the six months ended 30 September 2004 was £58,000. Operating EBITDA (calculated after deducting the central costs of managing each format) was positive for the period. Furthermore, our ongoing head office costs were more than covered by interest receivable on cash balances. Consequently the application of our cash reserves is focused on the development of our business, through site acquisitions.

In July 2004 The Real Greek opened its first new site following its becoming part of the Clapham House Group and The Bombay Bicycle Club opened its first new restaurant in Hampstead earlier this month. The Directors are pleased with the integration and the performance to date of the businesses which Clapham House has acquired.

As at 30 September 2004 Clapham House's net cash balances amounted to £17.1 million.

Dividends

No interim dividend is being proposed. As described in the Company's prospectus dated 29 October 2003, it is the Board's policy that, subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so. However, the main focus of the Company will be in delivering capital growth for shareholders.

Outlook

I am delighted to have announced the acquisition of Gourmet Burger Kitchen. We have now acquired three excellent platform businesses just over a year after commencing trading. This represents the early achievement of our initial target: in the prospectus issued at the time of Clapham House's flotation, we described our short term objective to be the acquisition of up to three restaurant formats in the first two years of the Company's existence. We are now in a position to focus on the integration and expansion of these brands.

To this end we are stepping up our property search and development activity and are in discussions on premises in a number of locations. We have recently exchanged contracts on one new restaurant site in Holland Park and expect to secure a number of further sites in the coming weeks. We also continue to explore a number of property portfolio opportunities with a view to further accelerating our expansion beyond the 17 locations we will be operating from following the Gourmet Burger Kitchen acquisition. To assist in this process, Sarah Willingham, Managing Director of The Bombay Bicycle Club subsidiary, is today joining the Clapham House Board as Development Director.

The Directors believe that the excellent businesses which have been purchased will provide the basis for an exciting growth company. We therefore look forward to the remainder of the current financial year and beyond with confidence and excitement.

David Page
Chairman
30 November 2004

The Clapham House Group PLC
Unaudited Consolidated Profit and Loss Account
for the six months ended 30 September 2004

	Notes	Six months ended 30 September 2004			Six months ended
		Acquired Operation £'000	Continuing Operation £'000	Total £'000	31 March 2004 Audited £'000
Turnover		1,272	1,427	2,699	534
Cost of sales		(786)	(903)	(1,689)	(381)
Gross profit		<u>486</u>	<u>524</u>	<u>1,010</u>	<u>153</u>
Administrative expenses – excluding exceptional costs		(489)	(806)	(1,295)	(418)
Operating loss before exceptional costs		<u>(3)</u>	<u>(282)</u>	<u>(285)</u>	<u>(265)</u>
Exceptional costs	3	(59)	(40)	(99)	(305)
Operating loss		<u>(62)</u>	<u>(322)</u>	<u>(384)</u>	<u>(570)</u>
Net interest receivable				326	181
Loss on ordinary activities before taxation				<u>(58)</u>	<u>(389)</u>
Taxation	4				5
Loss for ordinary activities after taxation				<u>(58)</u>	<u>(384)</u>
Equity minority interest	7			-	-
Retained loss for the period				<u>(58)</u>	<u>(384)</u>
Loss per share					
Basic and diluted	5			(0.3p)	(3.3p)

All recognised gains and losses are included in the profit and loss account.

The Clapham House Group PLC
Unaudited Consolidated Balance Sheet
as at 30 September 2004

	Notes	As at 30 September 2004 Unaudited £'000	As at 31 March 2004 Audited £'000
Fixed assets			
Intangible assets		9,255	6,938
Tangible assets		1,735	489
Investments		-	-
		<u>10,990</u>	<u>7,427</u>
Current assets			
Stocks		163	83
Debtors		391	203
Cash at bank and in hand		17,069	13,444
		<u>17,623</u>	<u>13,730</u>
Current liabilities			
Creditors: amounts falling due within one year		(1,778)	(990)
		<u>15,845</u>	<u>12,740</u>
Net current assets			
		<u>26,835</u>	<u>20,167</u>
Total assets less current liabilities			
		(5,996)	(6,035)
Provisions for liabilities and charges			
		(6)	(6)
Net assets			
		<u>20,833</u>	<u>14,126</u>
Capital and reserves			
Called up share capital		1,975	1,475
Share premium account		19,300	13,035
Profit and loss account		(442)	(384)
		<u>20,833</u>	<u>14,126</u>
Equity shareholders' funds	6	20,833	14,126
Equity minority interest	7	-	-
		<u>20,833</u>	<u>14,126</u>

The Clapham House Group PLC
Unaudited Consolidated Cash Flow Statement
for the six months ended 30 September 2004

	Notes	Six months ended 30 September 2004 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Net cash outflow from operating activities	8a	187	(198)
Returns on investment and servicing of finance		327	181
Capital expenditure and financial investment		(1,173)	(23)
Acquisitions and disposals	8b	(2,267)	(592)
Cash outflow before use of liquid resources and financing		<u>(2,926)</u>	<u>(632)</u>
Financing	8c	6,658	13,969
Increase in cash in the period		<u><u>3,732</u></u>	<u><u>13,337</u></u>

Reconciliation of net cash flow to movement in net funds

	Notes	Six months ended 30 September 2004 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Net funds at the beginning of the period		13,337	-
Increase in cash in the period		3,732	13,337
Cash outflow from change in debt		107	271
Change in net fund resulting from cash flows		<u>3,839</u>	<u>13,608</u>
Debt acquired with subsidiary		(107)	(271)
Net funds at end of period	8d	<u><u>17,069</u></u>	<u><u>13,337</u></u>

The Clapham House Group PLC
Notes to the Unaudited Interim Results
for the six months ended 30 September 2004

1. Basis of preparation

The interim results have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

2. Turnover

The turnover and loss for the period are attributable to the principal activities of the group, which are carried on entirely within the United Kingdom.

3. Exceptional costs

The exceptional costs for the six months ended 30 September 2004 represent the costs incurred up to the date of opening a new restaurant that are written off to the profit and loss account in the period in which they are incurred.

The exceptional costs for the six months ended 31 March 2004 represent the cost of granting 300,000 ordinary shares under the Group's Restricted Share Plan to the executive directors at a cost of £270,000 and associated employers' national insurance contribution amounting to £35,000.

4. Taxation

The taxation charge in the period represents the deferred taxation arising from origination and reversal of timing differences.

5. Loss per share

Basic loss per ordinary share is based on the loss for the period of £58,000 (March 2004: £384,000) and on 18,099,471 (March 2004: 11,742,328) ordinary shares of 10p each being the weighted average number of ordinary shares in issue during the period.

Basic and diluted earnings per share are the same as there are no potential ordinary shares that would increase net loss per share from continuing operations in the period.

6. Reconciliation of movements in equity shareholders' funds

	Six months ended 30 September 2004 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Shares issued (net of flotation expenses)	6,765	14,560
Share redeemed	-	(50)
Loss for the period	(58)	(384)
Total movements during the period	<u>6,707</u>	<u>14,126</u>
Opening equity shareholders' funds	14,126	-
Closing equity shareholders' funds	<u><u>20,833</u></u>	<u><u>14,126</u></u>

7. Equity minority interest

Equity minority interest assets as at 30 September 2004 totalled £9,000 and have been fully provided for by the group.

8. Notes to the consolidated cash flow statement

a. Reconciliation of operating loss to net cash flow from operating activities

	Six months ended 30 September 2004 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Operating loss	(384)	(570)
Restricted shares issued	-	270
Depreciation	72	21
Increase in stocks	(49)	(12)
Increase in debtors	(119)	(116)
Increase in creditors	667	209
Net cash outflow from operating activities	<u><u>187</u></u>	<u><u>(198)</u></u>

b. Acquisitions and disposals

	Six months ended 30 September 2004 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Purchase of subsidiary undertaking (including costs)	(2,220)	(499)
Net overdraft acquired with subsidiary	(47)	(93)
Net cash outflow from acquisition	<u>(2,267)</u>	<u>(592)</u>

c. Financing

	Six months ended 30 September 2004 Unaudited £'000	Six months ended 31 March 2004 Audited £'000
Capital repayments on bank loans	(107)	(59)
Capital repayments of other loans	-	(212)
Net proceeds of redeemable shares issued	-	50
Redemption of redeemable shares	-	(50)
Gross proceeds of ordinary shares issued	7,000	14,750
Issue costs	(235)	(510)
Net cash inflow from financing	<u>6,658</u>	<u>13,969</u>

d. Analysis of net funds

	As at 31 March 2004 Audited £'000	Cash flow Unaudited £'000	Acquisition Unaudited £'000	As at 30 September 2004 Unaudited £'000
Cash in hand and at bank	13,444	3,625	-	17,069
Overdrafts	(107)	107	-	-
Debt due after one year	-	(107)	107	-
Net funds	<u>13,337</u>	<u>3,625</u>	<u>107</u>	<u>17,069</u>

9. Interim financial statements

The above financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the period ended 31 March 2004 are based upon the latest statutory accounts, which have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The six months figures use the same accounting policies as for the period ended 31 March 2004, and have not been audited or subject to review by the company's auditors